

City Of Durham, North Carolina

MEMORANDUM

DATE: November 15, 2005

TO: Patrick W. Baker, City Manager

THROUGH: Julie Brenman, Interim Assistant City Manager

FROM: Elizabeth F. Partin, Acting Budget & Management Services Director
Kenneth C. Pennoyer, Finance Director

RE: **FY 2005-06 First Quarterly Financial Report**

Executive Summary

We are pleased to present the first Quarter Financial Report for FY 2005-06. Preliminary review of the records indicates the general fund will end the year balanced. We must emphasize this report is based on only three months of financial information. The schedules in this report are subject to significant change as the year progresses.

Attached Exhibits

A number of charts and tables are attached to this document to provide the Council with additional information on our financial status in key areas. Below, we provide an overview of the attachments.

Exhibit 1: Major Initiatives

This provides a summary of the activity and status of each Major Initiative supporting the City Council goals July through September 2005.

Exhibit 2: General fund Budget-to-Actual Summary and By Department

This provides a summary of budgeted general fund dollars in each department and the actual spending in those departments during the first quarter. Based on preliminary first quarter expenditures and revenue, we project the General fund will end the year with a \$590,000 (.0032%) surplus.

We currently project that all departments will end the year within budget. Overall, we are estimating that we will spend \$1.3 million less than budgeted. Based on activity through the first quarter, we are projecting our revenue to come in \$672,000 (.0037%) less than budget. We will be monitoring expenditures to ensure we end the year balanced. We must emphasize that these figures are subject to change as the year progresses.

Exhibit 3: Enterprise Fund Budget-to-Actual

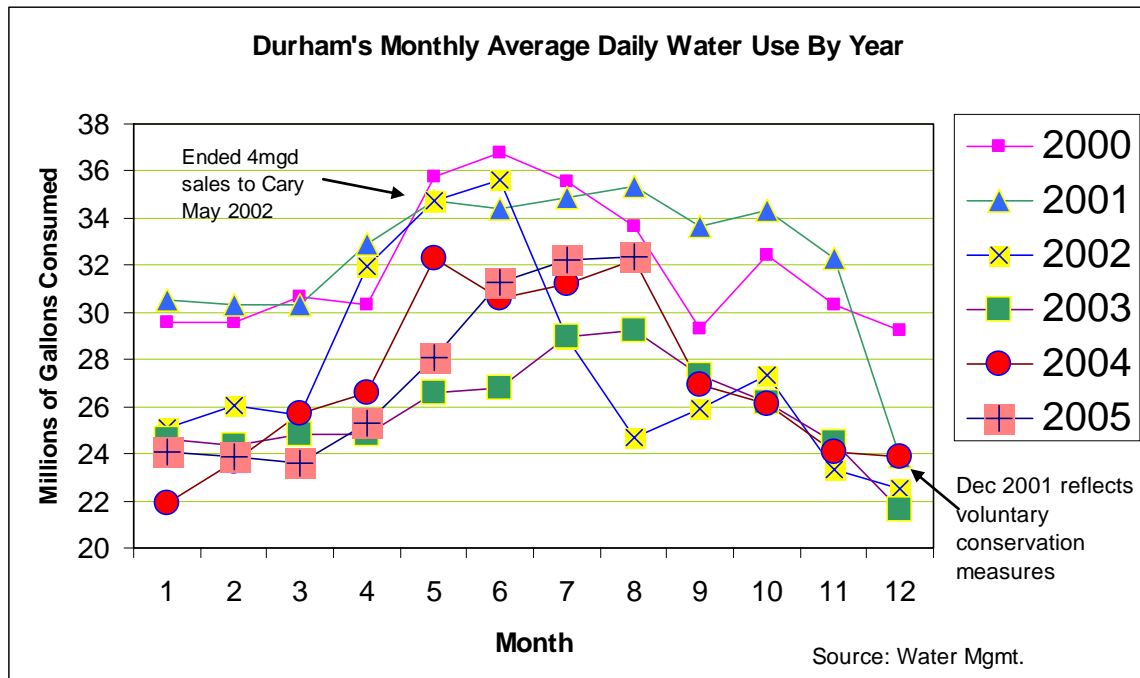
This provides a summary of budgeted revenues and expenditures in each enterprise fund. We have summarized below the outcome for each major fund.

Water & Sewer Operating Fund

The prospect of a drought overshadows the return to a stable water use pattern and a stable financial condition of the Water and Sewer Fund. The past two fiscal years have finished with a strong positive financial position and the first quarter of FY 2006 continues that pattern. Should the City avoid a prolonged drought and severe water restrictions, the first quarter FY 2006 financial projection would indicate that the Water and Sewer Fund will again meet budget expectations.

Results continue to support that rate actions over the past three years, and the more stable water use pattern, have produced the desired impact on compliance with revenue bond covenants. The Water and Sewer Fund is a self-sufficient enterprise fund deriving all revenues from charges to customers and receives no tax support.

As evidenced by the FY 2005-2010 Capital Improvement Program Budget, both water and wastewater capital needs in the near future are substantial. While the November 2005 bond referendum may provide \$20 million toward these needs, the ability to maintain a healthy current revenue stream for the long term is mandatory if revenue bonds are to be utilized as a CIP funding source. The current rate model shows moderate rate increases will be needed for future debt service related to CIP funding. If consistently applied, these increases can be kept well below the increases of FY04 and FY05. The on-going attempt to source new large or bulk water customers while the City still has adequate capacity is also a strategy that will help keep future rate increases low.



Storm Water Management Fund

The Storm Water Management Fund provides for the management and maintenance operational expenses of storm water activities which include street cleaning. A transfer is also made from the operating fund to storm water capital improvement program project funds for private property and watershed planning and design projects. The Storm Water fund is a self-sufficient enterprise fund and receives no tax support.

First quarter data shows fund revenues and expenditures are within budget targets. Timing of operating expenses will tend to level out as the year progresses with the addition of a new street cleaning crew and equipment located in the Solid Waste Department. Another operational change will be the assumption of storm water billing activities by the Public Works Department.

Parking Facilities Fund

Timing of reporting and revenue recognition for this fund makes a detailed analysis difficult early in the fiscal year. However, first quarter data shows the fund appears to be operating within budget expectations for both revenues and expenditures.

The parking function was outsourced during the last quarter of fiscal 2003. The Parking Fund is budgeted to generate about 65% of its \$2 million budget, inclusive of debt service on the parking garages, from parking charges and receives a General Fund subsidy for the remainder.

As previously noted, the parking contract contains a price break point of \$1,090,000 in Garages and Lot 8 revenues. When this break point is achieved the payment to the vendor decreases from 72.73% of these revenues to only 20% of revenues. Achievement of the price break point is the

key factor to a successful year in this fund. This price break point was achieved in FY04 and FY05.

The parking contract also includes fixed fees as well as an 8% of revenues payment to the vendor for on-street parking services. Although these services are included in the contract and in parking operations, they are accounted for separately in the General Fund and are thus not part of the Parking Fund projections.

Solid Waste Disposal Fund

First quarter results for the Solid Waste Disposal Fund show revenues slightly ahead of budget expectations and operating expenses similarly over budget expectations. Overall, the fund is considered to be within budget expectations for this first quarter data.

This fund provides for solid waste disposal related activities, the rubble landfill operations, post-closure monitoring of the closed landfill and related debt service. Solid Waste collections, yard waste, bulky item pickup, the Impact Team and recycling efforts are all funded through the General Fund.

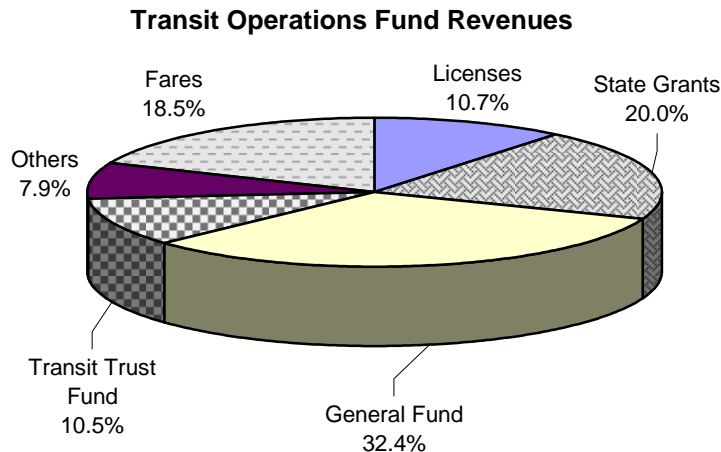
The Solid Waste Disposal Fund generates about 75% of fund needs through charges and other non-tax revenues.

Ballpark Fund

The Ballpark Fund currently relies on the General Fund for 74% of the budgeted funding. First quarter results show revenues slightly ahead of the prior year level and expenditures within budget expectations. The seasonal activity of the Ballpark, and timing of payments from vendors, makes more detailed projections difficult utilizing first quarter data.

Transit Operations Fund

First quarter data shows the Transit Operations Fund to be operating within budget expectations. As was the case last fiscal year, realization of the state grant revenue estimate of \$2.4 million will be a significant factor. Grant revenues are realized later in the fiscal year.



The Transit Operations Fund receives a significant amount of support from other fund transfers. Specifically, the General Fund and Transit Trust Fund account for 43% of budgeted fund revenues in FY06. State grants are the other large funding source for the Transit Operations Fund. With the fee increases approved for FY04, charges to system riders return about 19% of the cost of operations. The Transit Operations Fund is not inclusive of federal transit grants, about \$3.4 million for FY06, which are also used to support the DATA transit system personnel and maintenance costs.

Water and Sewer Capital Facility Fee Fund

Capital Facility Fees are charged to new development or facility expansion that results in a greater demand on the City's water supply, water treatment capacity, and wastewater treatment capacity. These fees are currently transferred to the Water and Sewer Operating Fund where they are expended on debt service associated with providing for capital facilities; the purpose for which these fee are collected.

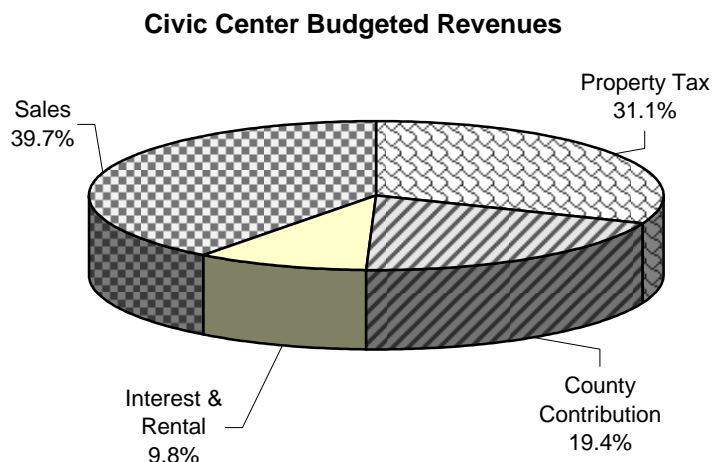
Defined as non-operating revenues, Capital Facility Fees do not count as current revenues in the computation of revenue bond covenant debt service coverage. Thus, any increase in these fees, as was implemented for the 2005 fiscal year, will provide for current and future debt service needs, but not reduce any need for consumption and service charge fee increases related to revenue bond debt covenants.

While the timing of the collections of these fees can be somewhat sporadic, first quarter results show fund revenues are well within the expected range for this point in time.

Civic Center Fund

Accounting for the Civic Center budget for FY06 has changed as a result of the new operating agreement and now is reflective of all revenues and expenditures. Durham County pays half of the operating deficit as well as a fixed debt service contribution.

Civic Center budgeted revenues are now derived from the following sources:



Timing of the first quarter results may not be indicative of the remainder of the fiscal year. The fund would appear to be operating within budget expectations as prior years have also shown a weaker revenue picture in the first quarter. There is more than sufficient surplus budgeted to assure a positive result for the fiscal year should revenues fall short of expectations.

Exhibit 4: Capital Projects

This report provides a brief summary of the capital projects.

Exhibit 5: Grants

This provides a summary of spending in each of our major grant funded programs.

Exhibit 6: Investments

This provides a summary of the allocation of our investment portfolio as well as the investment earnings during the fiscal year. An economic report prepared by the Treasury staff is also included in this exhibit.

Exhibit 7: Risk

This provides a report of claims payments made to liability claimants in accordance with Council resolution #8810.

Exhibit 8: Contracts

This provides a summary of the number of contracts that were authorized during FY06.

Exhibit 9: Status of Audits of Non-City Agencies

Audit Services monitors' non-city agencies for compliance with audit or sworn statement requirements. This table is provided quarterly to give the City Council a status report on the number of agencies that have submitted audits or sworn statements.

Exhibit 10: Impact Fees

This table shows the amount of impact fee funds available for streets, open space and parks, by zone.

Exhibit 11: Tax Collections

This provides tax levy analysis and shows the year-to-date tax collection percentage.

Exhibit 12: Downtown Revitalization Fund Expenses

This provides detail of expenses out of the Downtown Revitalization Fund.

Exhibit 13: Ice Storm Audit

This provides narratives on the December 2002 Ice Storm.

Exhibit 14: Planned Debt Issuance

This report summarizes the planned debt issuance for 2005 including the two-thirds GO bonds issue and the 1996 authority GO bond issue.

Exhibit 15: Audit Services Status Report

On October 24, 2005, the City's Audit Services Oversight Committee received a status report on audit recommendations for the three months ended September 30, 2005. During this period, the Audit Services Department issued two comprehensive audit reports. The reports included no formal recommendations. The attached recommendations/implementation schedule includes the follow-up status of recommendations carried over from the previous reporting period. City Management has actively addressed audit findings and recommendations as well as the underlying causes of findings. Practical approaches to responding to audit findings and recommendations that are both effective and efficient have been examined. These efforts have been coordinated with several initiatives of the City including the City's ERP (Enterprise Resource Planning) project and Fleet Consulting Project.

Exhibit 16: Calvary Ministries Fundraising Report

This report summarizes the fundraising activities of Calvary Ministries to support the Community Life and Recreation Center at Lyon Park.

Exhibit 17: Donations Report

This report lists amounts donated to the City of Durham from various sources.

Future Reports

The Finance and Budget Departments have established the following reporting schedule for FY 2005-06. It is our intention to follow this schedule in order to provide timely information on the financial status of the City.

Quarter	End of Quarter	Tables Prepared	Report Completed
1 st quarter	Sept. 30	Oct. 30	Nov. 15
2 nd quarter	Dec. 31	Jan. 30	Feb. 15
3 rd quarter	Mar. 31	Apr. 30	May 15
4 th quarter	Jun. 30	Aug. 30	Sept. 15

EXHIBIT 1

CITY OF DURHAM CITY COUNCIL PRIORITIES FY 2005-06 CITYWIDE MAJOR INITIATIVES

Goal: All Durham citizens are safe.

Strategies

- Support after-school programs and other programs for youth.
- Support gang prevention strategies.
- Support initiatives to apply the “broken window” strategy of crime prevention.
- Support strategies to employ rapid emergency response.

Measure (Reporting Department)	Actual FY 2003-04	Adopted FY 2004-05	Projected FY 2004-05	Goal FY 2005-06	1st Quarter	2nd Quarter	3rd Quarter	4 th Quarter	Year to Date
Violent Crime Clearance Rate (Police)	42%	41%	41%	41.6%	51%				
# and % Reduction in violent crime (Police)	1,600 —	1,520 5%	1,520 5%	1,414 7%	425 5.5%				
Fires contained to room of origin (Fire)	85%	80%	48%	45%	58%				

Goal: Every citizen in Durham has access to adequate, safe and affordable housing.

Strategies:

- Increase availability and accessibility of affordable housing to low and moderate income families by 35%.
- Meet the national average of 80% of houses identified as non-compliant with the minimum housing code brought into compliance on an annual basis.
- To partner with nonprofit and for-profit developers and community groups to effectively optimize the public and private resources in creating access to affordable housing.

Measure (Reporting Department)	Actual FY 2003- 04	Adopted FY 2004- 05	Projected FY 2004-05	Goal FY 2005- 06	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to Date
# Units of affordable housing created (Housing)	13	16	35	40	1*				
% of houses identified as non-compliant brought into compliance with minimum housing code. (Housing)	76%	45%	65%	80%	26% (39 of 148)				

- To benchmark best practices in the administration and delivery of housing and community development programs.

* Barnes Ave units underway and will be reflected in later quarters

Goal: Durham enjoys a prosperous economy.

Strategies:

- Support strategies that provide training to unemployed or underemployed to qualify for jobs.
- Support strategies to recruit jobs tailored to the Durham workforce.
- Support strategies that encourage entrepreneurial and small business growth.
- Support economic and housing development and revitalization efforts in downtown and neighborhoods.

Measure (Reporting Department)	Actual FY 2003-04	Adopted FY 2004- 05	Projected FY 2004-05	Goal FY 2005- 06	1st Quarter	2nd Quarter	3rd Quarter	4 th Quarter	Year to Date
Tax base growth									
• Citywide *	2.89%	3.73%	3.77%	3.26%	Annual				
• Northeast Central Durham	\$4.6 B \$188 M	\$4.6 B \$188 M	\$4.8 B \$188 M	\$4.8 B \$188.6 M	Annual \$188.4M				
• State Economic Development Zone	\$3.1 B	\$3.1 B	\$3.6 B	\$3.6 B	\$3.7B				
• Downtown (Economic Development)	\$421 M	\$421 M	\$455 M	\$455 M	\$464M				
Per capita income – County ** (Economic Development)	\$30,494	\$30,494	\$30,631	\$30,813	Annual Measure				

* Inclusive of commercial and industrial real property valuations only.

** Per-Capita income is only available on a county basis. 2004 information is expected to be released in late May 2006.

Goal: Durham citizens enjoy a healthy environment.

Strategies:

- Pursue strategies to reduce ozone non-compliance days.
- Maintain and strengthen programs and policies to provide a safe and sufficient water supply.
- Implement programs to maintain a healthy built environment.

Measure (Reporting Department)	Actual FY 2003- 04	Adopted FY 2004- 05	Projected FY 2004-05	Goal FY 2005- 06	1st Quarter	2nd Quarter	3rd Quarter	4 th Quarter	Year to Date
# of units abated for lead-based paint (Housing)	35	35	65	30*	11				
# of “code orange” or “code red” ozone days in the Triangle (May - Sept.) (Public Works)	16 (2005)	14 (2006)	7 (2006)	12 (2006)	7				
Average Water Quality Index (Public Works)	71	79	75	77	65.3				

* 2-year Lead Abatement Grant concludes June 30, 2005. FY06 activities would reflect typical rehabilitation activity funded through Bond and Home sources.

Goal: *Durham citizens enjoy sustainable, thriving neighborhoods with efficient & well-maintained infrastructure.*

Strategies:

- Support strategies to identify and fund deferred capital and maintenance needs of City infrastructure.
- Support strategies to ensure new development does not exceed capacity of available infrastructure.

Measure (Reporting Department)	Actual FY 2003- 04	Adopted FY 2004- 05	Projected FY 2004-05	Goal FY 2005- 06	1st Quarter	2nd Quarter	3rd Quarter	4 th Quarter	Year to Date
CIP Investment per capita (Budget)	\$148	\$141	\$201	\$689 Bond \$179 W/O Bond	Annual Measure				
% of infrastructure related complaints received in Call Center (City Manager)	0.5%	Will set baseline in 04-05	0.46%	0.5%	283 / 49,543 = .57%				
Lane miles of streets resurfaced (Public Works)	29.3	28	20.7	25.7	0				
Annual avg. raw water demand as % of available capacity (Water Mgmt)	73.0%	<80.0%	75.7%	<80.0%	71.7%				

Goal: Durham citizens enjoy a city rich in aesthetic beauty.

Strategies:

- Support programs which remove visual barriers to aesthetic beauty.
- Support programs that strengthen the City's partnerships with community groups' work on combating litter.

Measure (Reporting Department)	Actual FY 2003-04	Adopted FY 2004- 05	Projected FY 2004-05	Goal FY 2005-06	1st Quarter	2nd Quarter	3rd Quarter	4 th Quarter	Year to Date
% increase in citizens participating in clean up campaigns (Spring Clean & Swap) (Solid Waste)	128.1%	12.2%	14%	10%	Annual Measure				
% Streets rated as litter free by "Keep America Beautiful" survey (Solid Waste)	New Measure	New Measure	New Measure	34%	Annual Measure				
# of illegal dumps removed by Impact Team (Solid Waste)	666	700	800	800	471				

Goal: Durham citizens enjoy a vibrant city that embraces and promotes its cultural diversity and heritage.

Strategies:

- Support efforts to preserve the cultural heritage of the City.
- Support strategies to involve all residents, regardless of language, in city workplace, programs, and activities.
- Increase the percentage of boards and commissions that reflect the diversity of the Durham community.

Measure (Reporting Department)	Actual FY 2003-04	Adopted FY 2004- 05	Projected FY 2004- 05	Goal FY 2005- 06	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to Date
Percent identified historical structures that are city-protected (Planning)	30% of 2,743 structures	33% of 2,743 structures	33% of 2,743 structures	35% of 2,743 structures	35% of 2,743 structures				
% Increase in number of cultural, social, recreational venues & program offerings available, in aggregate, that reflects the demographic, lifestyle, heritage/history and ethnic diversity of Durham (Parks & OEED)	Parks 33 OEED 7	Parks 48 OEED 52	Parks 47 OEED 52	Parks 52 OEED 52	N/A% Parks 13 OEED 12				
% Increase in aggregate attendance at cultural venues and events (DCVB)	11.3% 1,917,453	5% 2,042,455	3.5% 2,013,301	15% 2,315,300	6.4% 641,811				

Goal: *Durham citizens enjoy an efficient and accountable City government*

Strategies:

- Increase the City's General Fund Balance.
- Streamline contracting, purchasing and other fiscal policies.
- Continue aggressive implementation of Enterprise Resource Planning initiative.
- Continue progressive implementation of Pay for Performance structure for all departments.

Measure (Reporting Department)	Actual FY 2003-04	Adopted FY 2004- 05	Projected FY 2004-05	Goal FY 2005-06	1st Quarter	2nd Quarter	3rd Quarter	4 th Quarter	Year to Date
City's bond rating (Finance)	AAA	AAA	AAA	AAA	AAA				
Fund Balance (Finance)	10%	10%	12%	12%	12%				

EXHIBIT 2

CITY OF DURHAM, NORTH CAROLINA

General Fund Activity and Year End

Projection by Department and Class

for Quarter Ending September 2005

DEPARTMENT	FY 2006 ADJUSTED BUDGET	ACTIVITY THROUGH SEPT 2005	ENCUM- BRANCE	PROJECTION THROUGH JUNE 30, 2006	VARIANCE with FINAL BUDGET- POSITIVE (NEGATIVE)
Audit Services	620,205	156,401	42,851	603,248	16,957
Budget & Management Services	777,891	211,988	3,862	750,637	27,254
City Attorney	1,016,531	254,142	1,022	976,892	39,639
City Clerk	522,272	118,622	4,836	506,217	16,055
City Council	426,469	43,126	1,827	409,410	17,059
City Manager	1,029,387	252,808	5,214	1,013,426	15,961
City/County Inspections	3,072,082	716,073	6,187	3,037,386	34,696
City/County Planning	3,152,608	732,154	89,409	3,137,387	15,221
Customer service & information center	547,100	133,875	23,488	543,233	3,867
Economic & Employment Development	1,717,359	308,147	534,999	1,679,970	37,389
Emergency Communications and Management	4,016,886	712,494	745,543	3,729,558	287,328
Equal Opportunity-Equity Assurance	447,199	106,364	14,844	444,155	3,044
Finance	6,713,476	1,019,362	1,068,145	6,713,082	394
Fire	18,796,022	4,479,681	352,631	18,584,772	211,250
Transfer	10,000	-	-	10,000	-
Housing & Community Development	2,265,261	529,237	149,423	2,258,158	7,103
Human Relations	461,443	94,830	2,414	445,399	16,044
Human Resources	1,513,381	279,694	84,558	1,510,270	3,111
Parks & Recreation	8,165,579	1,870,439	744,566	8,157,759	7,820
Transfer	32,400	-	-	32,400	-
Police	38,015,362	9,754,278	475,572	38,014,396	966
Transfer	12,700	3,214	-	12,700	-
General Services	13,907,655	2,785,146	2,019,934	13,862,272	45,383
Transfer	39,195	-	-	39,195	-
Public Affairs & Citizens Assisance	462,347	68,375	68,961	443,853	18,494
Public Works	10,767,377	2,473,730	751,372	10,636,682	130,695
Transfer	415,146	-	-	415,146	-
Street Lighting	1,803,779	449,665	-	1,731,628	72,151
Solid Waste Collection	13,821,549	2,548,318	2,548,885	13,745,118	76,431
Technology Solutions	4,544,679	1,006,756	990,842	4,462,892	81,787
NonDepartmental	12,557,276	2,459,733	1,502,000	12,480,558	76,718
Debt Service	21,983,685	1,576,865	-	21,983,685	-
Transfer	10,166,590	-	-	10,166,590	-
Total	183,800,891	35,145,517	12,233,385	182,538,074	1,262,817

CLASS	FY 2006 ADJUSTED BUDGET	ACTIVITY THROUGH SEPT 2005	ENCUM- BRANCE	PROJECTION THROUGH JUNE 30, 2006	VARIANCE with FINAL BUDGET- POSITIVE (NEGATIVE)
Personal Services	104,562,187	25,656,418	565,277	103,885,723	676,464
Operating Expenditures	40,881,947	7,285,495	9,026,628	40,295,594	586,353
Capital Outlay	5,697,041	623,525	2,641,480	5,697,041	-
Debt Service	21,983,685	1,576,865	-	21,983,685	-
Transfers Out	10,676,031	3,214	-	10,676,031	-
Total	183,800,891	35,145,517	12,233,385	182,538,074	1,262,817

CITY OF DURHAM, NORTH CAROLINA

General Fund Revenues and Other

Financing Sources Activity and Year End

Projection for Quarter Ending September 2005

	FY 2006 ADJUSTED BUDGET	ACTIVITY THROUGH SEPT 2005	PROJECTION THROUGH JUNE 30, 2006	VARIANCE with FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 129,027,537	\$ 22,144,570	\$ 129,027,537	\$ -
Licenses and permits	8,160,029	2,820,059	8,078,429	(81,600)
Intergovernmental revenues	16,646,939	2,039,152	16,646,939	-
Investment and rental income	1,803,304	19,336	1,622,974	(180,330)
Charges for services	9,245,423	1,884,185	9,133,152	(112,271)
Intragovernmental services	785,000	280,946	785,000	-
Assessments	175,709	27,438	140,567	(35,142)
Sale of property and miscellaneous	1,751,442	687,298	1,488,726	(262,716)
Indirect cost	4,584,598	-	4,584,598	-
Total revenues	<u>172,179,981</u>	<u>29,902,984</u>	<u>171,507,921</u>	<u>(672,060)</u>
OTHER FINANCING SOURCES				
Transfer from other funds	1,739,558	-	1,739,558	-
Certificates of participation	1,588,013	-	1,588,013	-
Transfer from reserves	7,563,957	-	7,563,957	-
Appropriation from fund balance	729,382	-	729,382	-
Total other financing sources	<u>11,620,910</u>	<u>-</u>	<u>11,620,910</u>	<u>-</u>
 Total revenues and other financing sources	 <u>\$ 183,800,891</u>	 <u>\$ 29,902,984</u>	 <u>\$ 183,128,831</u>	 <u>\$ (672,060)</u>

EXHIBIT 3

Water and Sewer Operating Fund
Month Ended September 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 14,138,968	\$ 49,698,175	28.45%	50,555,872	857,697
Licenses and Permits	9,300	66,367	14.01%	57,000	(9,367)
Total operating revenues	<u>14,148,268</u>	<u>49,764,542</u>	<u>28.43%</u>	<u>50,612,872</u>	<u>848,330</u>
Nonoperating revenues					
Intragovernmental revenue	9,585	305,000	3.14%	250,000	(55,000)
Investment income	37,614	2,085,460	1.80%	1,853,068	(232,392)
Interest assessments	109,111	209,850	51.99%	376,444	166,594
Rental income	92,659	200,000	46.33%	370,636	170,636
Water Frontage	39,925	612,485	6.52%	159,700	(452,785)
Sewer Frontage	69,186	816,646	8.47%	276,744	(539,902)
Miscellaneous	15,810	44,000	35.93%	63,240	19,240
Transfer from reseves		2,596,481	0.00%	2,596,481	
Operating transfers from other funds	<u>-</u>	<u>4,736,428</u>	<u>0.00%</u>	<u>4,736,428</u>	<u>-</u>
Total nonoperating revenues	<u>373,890</u>	<u>11,606,350</u>	<u>3.22%</u>	<u>10,682,741</u>	<u>(923,609)</u>
Appropriation from fund balance	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
Total revenues	<u>\$ 14,522,158</u>	<u>\$ 66,370,892</u>	<u>21.88%</u>	<u>\$ 66,295,613</u>	<u>\$ (75,279)</u>
Expenditures					
Finance Department					
Personal services	\$ 59,321	219,659	27.01%	\$ 257,917	\$ (38,258)
Operating expenditures	<u>1,741</u>	<u>28,728</u>	<u>6.06%</u>	<u>30,000</u>	<u>(1,272)</u>
Total Finance Department	<u>61,062</u>	<u>248,387</u>	<u>24.58%</u>	<u>287,917</u>	<u>(39,530)</u>
Environmental Resources Department					
Personal services	2,165,387	14,393,195	15.04%	13,492,322	900,873
Operating expenditures	2,393,249	16,108,651	14.86%	15,859,494	249,157
Capital outlay	<u>115,476</u>	<u>1,317,284</u>	<u>8.77%</u>	<u>1,317,284</u>	<u>-</u>
Total Environmental Resources Department	<u>4,674,112</u>	<u>31,819,130</u>	<u>14.69%</u>	<u>30,669,100</u>	<u>1,150,030</u>
Public Works Department					
Personal services	366,215	1,638,282	22.35%	1,592,239	46,043
Operating expenditures	32,249	166,152	19.41%	193,494	(27,342)
Capital outlay	<u>-</u>	<u>54,600</u>	<u>0.00%</u>	<u>54,600</u>	<u>-</u>
Total Public Works Department	<u>398,464</u>	<u>1,859,034</u>	<u>21.43%</u>	<u>1,840,333</u>	<u>18,701</u>
Non-Departmental	<u>31,358</u>	<u>5,898,395</u>	<u>0.53%</u>	<u>5,898,395</u>	<u>-</u>
Debt Service					
Principal	-	9,909,964	0.00%	9,909,964	-
Interest and fiscal charges	<u>1,823,472</u>	<u>6,132,297</u>	<u>29.74%</u>	<u>6,132,297</u>	<u>-</u>
Total Debt Service	<u>1,823,472</u>	<u>16,042,261</u>	<u>11.37%</u>	<u>16,042,261</u>	<u>-</u>
Operating transfers to other funds	<u>191,908</u>	<u>7,456,598</u>	<u>2.57%</u>	<u>7,456,598</u>	<u>-</u>
Appropriation to fund balance	<u>-</u>	<u>3,047,087</u>	<u>0.00%</u>	<u>3,047,087</u>	<u>-</u>
Total expenditures	<u>\$ 7,180,376</u>	<u>\$ 66,370,892</u>	<u>10.82%</u>	<u>\$ 65,241,692</u>	<u>\$ 1,129,200</u>
Revenues less Expenditures				1,053,921	

Water and Sewer Capital Facility Fee Fund
Month Ended September 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues					
Operating revenues	\$ <u>1,382,757</u>	\$ <u>4,390,000</u>	<u>31.50%</u>	\$ <u>4,531,028</u>	\$ <u>141,028</u>
Nonoperating revenues					
Investment income	<u>-</u>	<u>71,428</u>	<u>0.00%</u>	<u>37,756</u>	<u>(33,672)</u>
Total revenues	\$ <u><u>1,382,757</u></u>	\$ <u><u>4,461,428</u></u>	<u><u>30.99%</u></u>	\$ <u><u>4,568,784</u></u>	\$ <u><u>107,356</u></u>
Expenditures					
Operating transfers to other funds	\$ <u><u>-</u></u>	<u><u>4,461,428</u></u>	<u><u>0.00%</u></u>	\$ <u><u>4,568,784</u></u>	\$ <u><u>(107,356)</u></u>
Revenues less Expenditures				-	

Parking Facilities Fund
Month Ended September 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues					
Operating revenues	\$ <u>311,968</u>	\$ <u>1,326,932</u>	<u>23.51%</u>	\$ <u>1,272,872</u>	\$ <u>(54,060)</u>
Nonoperating revenues					
Investment income	-	15,893	0.00%	13,000	(2,893)
Transfers from reserves	-	98,494	0.00%	98,494	-
Operating transfers from other funds	<u>-</u>	<u>714,773</u>	<u>0.00%</u>	<u>714,773</u>	<u>-</u>
Total nonoperating revenues	<u>-</u>	<u>829,160</u>	<u>0.00%</u>	<u>826,267</u>	<u>(2,893)</u>
Total revenues	\$ <u><u>311,968</u></u>	\$ <u><u>2,156,092</u></u>	<u><u>14.47%</u></u>	\$ <u><u>2,099,139</u></u>	\$ <u><u>(56,953)</u></u>
Expenditures					
Personal services	\$ 12,524	51,806	24.17%	\$ 54,452	\$ (2,646)
Operating expenditures	248,158	1,085,636	22.86%	1,012,632	73,004
Capital outlay	-	-	-	-	-
Non-departmental administration	-	16,750	0.00%	16,750	-
Debt Service					
Principal	-	755,000	0.00%	755,000	-
Interest and fiscal charges	123,450	246,900	50.00%	246,900	-
Transfer to fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ <u><u>384,132</u></u>	\$ <u><u>2,156,092</u></u>	<u><u>17.82%</u></u>	<u><u>2,085,734</u></u>	\$ <u><u>70,358</u></u>
Revenues less Expenditures				13,405	

Transit Operations Fund
Month Ended September 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 606,720	\$ 2,246,396	27.01%	\$ 2,426,880	\$ 180,484
Nonoperating revenues					
Licenses and permits	388,400	1,300,000	29.88%	1,353,600	53,600
Intergovernmental revenue	-	2,424,972	0.00%	2,424,972	-
Investment income	-	97,094	0.00%	35,000	(62,094)
Miscellaneous	29,535	335,670	8.80%	225,000	(110,670)
Transfer from Reserves		521,252			
Appropriation from fund balance	-	1,268,773	0.00%	1,268,773	-
Operating transfers from other funds	-	3,935,333	0.00%	3,935,333	-
Total nonoperating revenues	417,935	9,883,094	4.23%	9,242,678	(119,164)
Total revenues	\$ 1,024,655	\$ 12,129,490	8.45%	\$ 11,669,558	\$ 61,320
Expenditures					
Personal services	\$ 10,614	60,769	17.47%	\$ 46,148	\$ 14,621
Operating expenditures	1,909,407	10,946,082	17.44%	10,587,628	358,454
Capital outlay	15,080	44,053	34.23%	44,053	-
Non-departmental administration	-	166,300	0.00%	166,300	-
Debt Service					
Principal	-	50,943	0.00%	50,943	-
Interest and fiscal charges	-	15,396	0.00%	15,396	-
Operating transfers to other funds	-	845,947	0.00%	845,947	-
Total expenditures	\$ 1,935,101	\$ 12,129,490	15.95%	\$ 11,756,415	\$ 373,075
Revenues less Expenditures				(86,857)	

Solid Waste Disposal Operating Fund
Month Ended September 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 1,944,516	\$ 7,000,000	27.78%	\$ 7,178,064	\$ 178,064
Nonoperating revenues					
Investment income	-	81,821	0.00%	70,000	(11,821)
Miscellaneous	28,880	125,000	23.10%	95,000	(30,000)
Transfers from reserves	-	519,512	0.00%	519,512	-
Transfers from other funds	-	2,391,229	0.00%	2,391,229	-
Total nonoperating revenues	28,880	3,117,562	0.93%	3,075,741	(41,821)
Total revenues	\$ 1,973,396	\$ 10,117,562	19.50%	\$ 10,253,805	\$ 136,243
Expenditures					
Environmental Resources Department					
Personal services	\$ 10,006	\$ 43,637	22.93%	43,504	133
Operating expenditures	2,584	231,639	1.12%	15,504	216,135
Capital outlay	-	58,200	0.00%	58,200	-
Total Environmental Resources Department	12,590	333,476	3.78%	117,208	216,268
Solid Waste Collections Department					
Personal services	87,574	445,622	19.65%	380,757	64,865
Operating expenditures	1,106,680	5,862,137	18.88%	7,026,720	(1,164,583)
Capital Outlay	-	125,000	0.00%	125,000	-
Total Solid Waste Collections Department	1,194,254	6,432,759	18.57%	7,407,477	(1,099,718)
Non-Departmental	-	450,379	0.00%	450,379	-
Debt Service					
Principal	-	1,602,266	0.00%	1,602,266	-
Interest and fiscal charges	89,766	1,298,682	6.91%	1,298,682	-
Total Debt Service	89,766	2,900,948	3.09%	2,900,948	-
Total expenditures	\$ 1,296,610	\$ 10,117,562	12.82%	\$ 10,876,012	\$ (883,450)
Revenues less Expenditures				(622,207)	

Civic Center Fund
Month Ended September 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 212,000	\$ 1,995,624	10.62%	\$ 1,972,000	\$ (23,624)
Nonoperating revenues					
Taxes	188,615	1,346,903	14.00%	1,306,496	(40,407)
Intergovernmental revenue	139,585	837,510	16.67%	837,510	-
Miscellaneous	11,568	106,488	10.86%	46,272	(60,216)
Investment income	-	42,920	0.00%	42,920	-
Transfer From Reserve	-	146,131	-	146,131	-
Total nonoperating revenues	339,768	2,479,952	13.70%	2,379,329	(100,623)
Total revenues	\$ 551,768	\$ 4,475,576	12.33%	\$ 4,351,329	\$ (124,247)
Expenditures					
Personal services	\$ 337,872	1,455,091	23.22%	\$ 1,431,488	\$ 23,603
Operating expenditures	314,197	1,545,195	20.33%	1,486,788	58,407
Capital outlay	-	1,078	0.00%	1,078	-
Non-departmental administration	-	198,060	0.00%	198,060	-
Debt Service					
Principal	-	547,028	0.00%	547,028	-
Interest and fiscal charges	-	55,506	0.00%	55,506	-
Transfers to fund balance	-	673,618	0.00%	673,618	-
Total expenditures	\$ 652,069	\$ 4,475,576	14.57%	\$ 4,393,566	\$ 82,010
Revenues less Expenditures				(42,237)	

Ballpark Fund
Month Ended September 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 152,840	\$ 590,000	25.91%	591,360	\$ 1,360
Nonoperating revenues					
Investment income	-	8,409	0.00%	6,500	(1,909)
Operating transfers from other funds	-	1,675,481	0.00%	1,675,481	-
Transfers from reserves	-	75,403	0.00%	75,403	-
Total nonoperating revenues	-	1,759,293	0.00%	1,757,384	(1,909)
Total revenues	\$ 152,840	\$ 2,349,293	6.51%	\$ 2,348,744	\$ (549)
Expenditures					
Personal services	\$ 19,537	164,956	11.84%	\$ 78,148	\$ 86,808
Operating expenditures	206,024	795,554	25.90%	824,096	(28,542)
Capital outlay	-	-		-	-
Non-departmental administration	-	97,218	0.00%	97,218	-
Debt Service					
Principal	685,000	685,000	100.00%	685,000	-
Interest and fiscal charges	136,037	198,615	68.49%	198,615	-
Operating transfers to other funds	-	407,950	0.00%	407,950	-
Total expenditures	\$ 1,046,598	\$ 2,349,293	44.55%	\$ 2,291,027	\$ 58,266
Revenues less Expenditures				57,717	

Storm Water Management Fund
Month Ended September 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 1,904,904	\$ 7,377,545	25.82%	\$ 7,619,616	\$ 242,071
Nonoperating revenues					
Investment income	-	150,104	0.00%	150,104	-
Miscellaneous	28,080	125,000	22.46%	112,320	(12,680)
Appropriation from fund balance	-	220,000	0.00%	220,000	
Transfers from reserves	-	755,167	0.00%	755,167	-
Total nonoperating revenues	28,080	1,250,271	2.25%	1,237,591	(12,680)
Total revenues	\$ 1,932,984	\$ 8,627,816	22.40%	\$ 8,857,207	\$ 229,391
Expenditures					
Personal services	\$ 575,194	3,590,699	16.02%	\$ 2,500,843	\$ 1,089,856
Operating expenditures	526,938	1,517,515	34.72%	2,291,035	(773,520)
Capital outlay	159,990	829,032	19.30%	829,032	-
Non-departmental administration	-	633,720	0.00%	633,720	-
Transfer to Fund Balance	1,675,000	1,675,000	100.00%	1,675,000	
Operating transfers to other funds	-	381,850	0.00%	381,850	-
Total expenditures	\$ 2,937,122	\$ 8,627,816	34.04%	\$ 8,311,480	\$ 316,336
Revenues less Expenditures				545,727	

EXHIBIT 4

CAPITAL IMPROVEMENT PROJECTS September 30, 2005 Quarterly Report FY 2006 -- First Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	September 30, 2005 BRIEF REPORT
<i>Culture and Recreation:</i>				
C.M. Herndon Park	\$ 3,579,684	\$ 3,450,667	\$ 129,017	Project 75% complete. Major activities this period: Utilities lines installed, grading completed. Expected date of substantial completion 12/05
Bethesda Park	1,393,068	89,756	1,303,312	New funding for FY06 \$1,273,068. Council has funded design through construction documents.
Northern Athletic Park (was Vintage Hill or Little River)	322,000	283,725	38,275	Land acquisition phase 90% complete. Activities this period included work on boundary and topographic survey. Deed will be signed in January 2006 - no funding for construction at this time.
Leigh Farm Park	200,000	100,507	99,493	Design & Planning are funded. Consultants being interviewed to select firm to complete architectural drawings, site archeological report, and renovation costs estimates.
Eno Greenway	1,103,427	130,036	973,391	Final design/construction documentation phase - 90% complete. Activities this period include completion of environmental reviews and finishing cost estimates for bidding. Completion expected Fall 2006.
I.R. Holmes Center/Campus Hills	178,595	45,528	133,067	Design phase - 50% complete. Design and site plan work completed, site plan submitted for approval. Expected date of substantial completion - Spring 06.
Northeast Central Durham Recreation Cntr.	226,188	89,250	136,938	Project in planning stage. Staff from Parks and Recreation, DPS, County and Duke Medical Center continue to meet to work out space proposals to turn former Holton Middle School into major community recreational, vocational and educational center.
Open space and greenway preservation	7,138,187	4,839,611	2,298,576	Major activities this period: completion of construction documents and securing final easements for Third Fork Creek Trail in preparation for bid in October. This trail is the last section of the N/S Greenway. Expected completion - late 2006.
Park renovations	6,570,606	5,640,993	929,613	Project contains numerous park projects - some are fully built out (such as Orchard Park) - some still in construction(Long Meadow Park). All will be completed by 2006.
Playground renovations	3,161,275	2,162,623	998,652	Activities this period include: Completion of master plan for Eastover Park, hiring of consultant for work on East Durham, Cornwallis Rd and Lyon Park. Working on 5 playgrounds documented to be in most need of repair. First const. in winter 05; to be completed by winter 06.
Pool replacement	1,473,904	1,316,301	157,603	Project complete - in close-out phase
Recreation center and ball field renovations	887,954	786,104	101,850	75% of planning completed, 20% of construction completed. Piney Wood renovation and Twin Lakes lighting completed. Expected date of substantial completion for remaining field renovations - Summer 2006
School lighting and storage improvements	666,149	666,149	-	This phase of project substantially complete - contract closeout phase.
Twin Lakes Park	420,000	420,000	-	Project is complete. Final inspection and close-out of lighting contracts. Field & lights are completed.
Walltown Recreation Center Study	692,392	25,219	667,173	Planning & design are funded. Consultant hired to begin master plan and site plan work; scope of project determined.
Old Chapel Hill Road Park	4,024,949	580,857	3,444,092	Construction was funded in the 05/06 CIP so it can begin once legal agreements are signed & site plan in approved, anticipate completion in late 06.
American Tobacco Trail-Morehead to Cornwallis	5,917,250	4,332,065	1,585,185	Planning phase E(Trail south of NC54 to Chatham County line)- 75% complete. Staff is currently working with NCDOT to complete a new municipal agreement. Design firm has been selected. Expected date of completion - Spring 2007
Downtown Trail	906,695	881,610	25,085	This project is in close-out phase. Activity this period included completion of sidewalk section on Trinity Avenue and installation of bollards in Central Park.
Renovation of Weaver Street Center	158,843	-	158,843	Some funding exists for upfits now. Add'tl construction on this project is part of the proposed 05 GO bond referendum.
Weaver Street Center and Park	158,843	-	158,843	Planning and design phase 60% complete. Activities this period: Citizens meeting to rank park options from Master Plan; drainage studies of Center and Park site
Dog Park North	100,000	-	100,000	Planning and design phase 75% complete. Activities this period include discussion of location with citizens near proposed location at Northgate Park; design of facility. Expected completion Summer 2006.
Duke Park Skateboard Facility	180,000	-	180,000	New Project for FY2006. In planning stage. Discussions in-house for suitable park site from available options; planning for citizen meeting once best potential options are selected. Completion expected-Fall 2006
Total Culture and Recreation	39,460,009	25,841,001	13,619,008	

CAPITAL IMPROVEMENT PROJECTS

September 30, 2005 Quarterly Report

FY 2006 -- First Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	September 30, 2005 BRIEF REPORT
<i>Downtown Revitalization:</i>				
Performing Arts Theatre	30,500,000	2,728,279	27,771,721	New project for FY06. Design phase has started. Public meeting was held to provide input on design. Expected date of completion - Spring 2006
Foster/Corcoran/Center City Plaza Realignment	11,735,109	11,735,108	1	Construction underway. This is a 2.5 year project
Neighborhood Development	250,000	-	250,000	No change this quarter
Liggett Streetscape	4,000,000	-	4,000,000	New funding for FY2006. Planning phase is 40% complete. Activities this period include: traffic analysis submitted to Dept of Transp, work on development agreement. The Affordable Housing component is complete. The workforce Development component is 80% complete. Expect completion Spring 2008
<i>Total Downtown Revitalization</i>	46,485,109	14,463,387	32,021,722	

CAPITAL IMPROVEMENT PROJECTS
September 30, 2005 Quarterly Report
FY 2006 -- First Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	September 30, 2005 BRIEF REPORT
<i>General Services:</i>				
ADA Compliance	904,991	161	904,830	City Council approved a consultant contract on September 19, 2005 to provide expertise in Americans with Disabilities Act (ADA) compliance. The initial phase of the consultant's work will be a review of the Dept. of Justice's settlement agreement as well as assessing municipal facilities for ADA compliance.
Carolina Theatre	3,269,714	238,534	3,031,180	Phase II Construction-Safety project to bid in 4 quarter 2005. This portion of the project was delayed because design firm ceased operating. Selection process for design consultant for HVAC replacement started in July 2005.
Centre Parking Deck Repair	422,000	104	421,896	Project is in the Planning Phase and is 75% complete. Requests for Qualifications were received and are being evaluated. A contract for engineering services is being negotiated. Expected completion for engineering plan - Summer 2006.
City Hall Annex	300,000	-	300,000	This is a new project for FY06. Design phase 15% complete. City Council approved combining this project with City Hall Renovation for design consultant.
City Hall Space Expansion	6,755,300	4,132,855	2,622,445	City Hall renovations scheduled to begin early Spring 2006.
City Hall HVAC Replacement	1,361,000	692,572	668,428	Phase 1 construction complete. Bids for HVAC replacement and intake are in process. Construction scheduled to be complete February 2006
Civic Center	403,500	102	403,398	75% complete. Major activities this period: Requests for qualifications were solicited, received and are being evaluated. Expected date of substantial completion, Summer 2007.
Durham Arts Council Renovation	1,132,070	476,177	655,893	Chiller replacement complete. Phase II of this project is beginning with the selection process of an engineering consultant. A consultant is anticipated to be under contract by January 2006.
<i>Total General Services</i>	14,548,575	5,540,505	9,008,070	

CAPITAL IMPROVEMENT PROJECTS
September 30, 2005 Quarterly Report
FY 2006 -- First Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	September 30, 2005 BRIEF REPORT
<i>Housing and Neighborhood Revitalization:</i>				
Affordable Housing	50,500,750	46,215,104	4,285,646	Some of the major projects: <u>Barnes Avenue</u> infrastructure 90% complete--major activities this period include completion of water & sewer lines & installation of street and alleyways. Substantial completion - Dec 2006. <u>Glendale Homeownership</u> -completed 2 single family units this period. Substation completion Dec 2006. <u>Gattis Street</u> -completed 7 units in 7 days as part of construction blitz with Habitat for Humanity .

Public Protection:

Broadway Facility Acquisition and Retrofit	2,407,276	1,201,432	1,205,844	major activities this period: initiating project to include verification of programming with Police Department, schematic design is 100% complete.
Fire Station #8	1,450,000	1,391,316	58,684	Project complete in close-out phase
Fire Station #16	2,430,500	674,587	1,755,913	Plans from architect reviewed by Fire Dept Personnel. Met with architect in September to discuss changes. Project is set to go out for bid during 10/05. Groundbreaking is set for Nov. or Dec. 05.
Police Headquarters	2,546,018	-	2,546,018	75% of Planning phase complete. Requests for qualifications have been received and are being evaluated. Expected completion Summer 2007.
Radio Infrastructure	7,920,000	7,388,554	531,446	Installation phase - 80% complete. Three existing towers upgraded to new system, consoles at 911 have been upgraded, new 4th tower site has been added to system. Expect completion by December 2005.
Radio Replacement	1,000,000	999,724	276	Radios were purchased in Fy2005. Original funding commitment was for \$500,000 each year for six years
<i>Total Public Protection</i>	17,753,794	11,655,613	6,098,181	

CAPITAL IMPROVEMENT PROJECTS
September 30, 2005 Quarterly Report
FY 2006 -- First Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	September 30, 2005 BRIEF REPORT
Transportation:				
Alston Avenue Extension	900,000	-	900,000	This is an inactive project.
Apex Street Bridge	100,000	20,000	80,000	This will be a pedestrian only bridge
Carver Street Extension	2,500,000	-	2,500,000	This project extends Carver Street in northeastern Durham from Duke Lane east to Old Oxford Highway. Construction is tied to the schedules of adjacent developments. This project has significant wetland issues.
Fayetteville Road Widening	8,102,638	7,902,203	200,435	Project substantially complete. Project is close out phase.
Fayetteville Road Widening Phase II	1,892,400	-	1,892,400	Project widens 2.5 miles of Fayetteville Road from Woodcroft Pkwy from Riddle Road from two to four lanes with a landscaped median & sidewalks. The project is currently in design, land acquisition proceeds through 2007, and construction in 2008.
Federal and State Match Projects	5,366,228	4,879,087	487,141	Multiple small projects in various stages of implementation. Five projects managed by NCDOT have been delayed until 2006 due to State funding cuts. Funding for these are anticipated to be available during 2006.
NC 147/Bicycle/Pedestrian Bridge	2,000,000	869,000	1,131,000	This project replaces the existing bicycle/pedestrian bridge spanning NC 147 east of Alston Av. The project includes removal of the existing bridge and design & constr. of the replacement bridge. Design is currently underway. Construction will begin in 2006.
Martin Luther King, Jr. Parkway	15,767,366	15,525,433	241,933	Construction is currently underway.
Traffic Signal System Upgrade	2,568,500	2,454,831	113,669	This project is in the final phase of construction. Expected completion, Spring 2006
Traffic Calming	1,010,000	880,776	129,224	Planning and design for Spring 2006 speed hump installation. Activities this period include receiving, reviewing and approving speed hump petition requests for Spring 2006 construction
Road Resurfacing	2,650,000	575,000	2,075,000	New funding for FY06 \$2,000,000. This project will allow City streets to be resurfaced in a continuous cycle. Adequate annual funding will improve the condition of the streets.
New Dirt/Petition Street Paving	9,894,572	9,844,524	50,048	This project provides funding to pave streets from petitions from neighborhood residents or dirt streets ordered by Enabling Act Authority. There are 14 streets ordered by Council for paving. Funding for these projects is dependent upon the upcoming Fall 05 Bond Referendum.
Misc. Thoroughfare & Street Improvements	3,966,438	3,774,942	191,496	Multiple projects in various phases of design, right of way acquisition or construction. Activities this period include construction of the Woodcroft Parkway/Highgate Drive roundabout and upgraded several school zone flashers.
Stadium Drive Extension	2,767,000	1,999,774	767,226	Construction is complete.
Garrett Road Extension	700,000	100,000	600,000	This project extends Garrett Road from Hope Valley Road south to NC 54 and includes a new traffic signal on NC54. This project is currently under design. Construction will be in 2006
Sidewalk Replace & ADA Compliance	1,707,300	1,691,520	15,780	This program funds the repair and replacement of damaged and deteriorating sidewalks. The City is required to construct wheelchair ramps at all public streets where a sidewalk crosses a curb. The Comprehensive Pedestrian Plan slated for completion in 06 shall assist in itemizing and prioritizing repairs.
New Sidewalk Construction	4,509,300	4,101,162	408,138	One final contract with residual funds will be bid Fall 2005 with a completion date of Summer 2006. Additionally, funds will be used to prepare a comprehensive sidewalk plan to include an inventory and GIS mapping layer of all public sidewalks and wheelchair ramps including condition ratings. The study will also include public participation and will result in a Sidewalk Master Plan.
Multi-Modal Transportation Center	17,184,000	5,101,216	12,082,784	The project is in the Design phase and it is 70% complete. A contract for environmental assessment has been awarded to evaluate site contamination, ground water issues and potential rock excavation. Design development is on hold until site assessment & budget reviews are complete. Expected date of substantial completion - Fall 07.
South Roxboro Street Extension	1,500,000	-	1,500,000	New funding for FY06 for design phase
NC 751 Widening Phase1	1,680,000	-	1,680,000	New Project for FY06. This project widens .76 miles of Hwy 751 from South Roxboro Street to NC 54. The project will widen 751 from 2 lanes to 4 lanes with a landscaped median and sidewalks. The project will ease traffic congestion around SW Durham.
Total Transportation	86,765,742	59,719,468	27,046,274	

CAPITAL IMPROVEMENT PROJECTS
September 30, 2005 Quarterly Report
FY 2006 -- First Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	
				September 30, 2005 BRIEF REPORT
<i>Technology:</i>				
Enterprise Resource Planning System	5,790,000	2,190,553	3,599,447	Implementation of MUNIS solution started June 2005. Four phase implementation: Financials, General Billing, Human Resources, and Utility Billing. Best Practice Reviews now in process.
Workflow Automation System	863,885	863,885	-	Departments are reviewing the latest revisions in preparation for the next round of on-site meetings with the vendor during October. This will also be the beginning of a 30 day acceptance testing period.
<i>Total Technology</i>	6,653,885	3,054,438	3,599,447	
Total General Capital Projects	\$ 262,167,864	\$ 166,489,516	\$ 95,678,348	

CAPITAL IMPROVEMENT PROJECTS
September 30, 2005 Quarterly Report
FY 2006 -- First Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	September 30, 2005 BRIEF REPORT
<i>Water:</i>				
Asbestos Cement Line Replacement	\$ 750,000	\$ 496,425	\$ 253,575	The project is in the Planning Phase and is 50% complete. Request for proposals are being prepared for remaining projects. The expected date of substantial completion is unknown and the construction phase is not currently funded.
Brown Water Treatment Plant Expansion	6,431,282	6,172,401	258,881	Phase 1 complete except for minor punch list items. Beginning phase 2 as funding permits.
Ellis Road Tank Painting	500,000	-	500,000	Contract approved by City Council. Contract is ongoing for 5 years. Initial painting will be completed within 2 years. Inspections & repair will be done annually.
Finished Water Storage	789,473	695,649	93,824	Construction of phase 1 is complete. Funding for the construction phase is included in the 05 GO Bond Referendum.
Future Water Supply/Quality Protection	4,269,159	3,311,264	957,895	On going purchase of buffer properties for future expansion of Lake Michie. Major activities this period include updating database and developing GIS map layers, requests for purchase from willing sellers. 78% complete
Little River Dam Repairs	275,000	-	275,000	Expected date of subst. completion - Spring 07.
Teer Quarry Water Storage	568,000	197,905	370,095	Preliminary Engineering phase. 77% complete. Major activities this period include geotechnical drilling on site. Next phase of design to start Fall 2005
Two-Inch Water Main Replacement	2,088,000	1,896,881	191,119	preparing request for proposals for a number of projects. On-going program, construction phase not currently funded.
Water Lines Extensions and improvements	21,228,739	17,040,311	4,188,428	The current water & sewer contract WS-79 is being advertised and should begin construction in early 2006. The contract includes several projects and construction will take one year. This ongoing program constructs sewer line extensions requested by petitions, relocates sewer lines resulting from NCDOT projects, reimburses developers for sewer improvements, and constructs lines to abate health hazards.
Williams Water Treatment Plant Rehabilitation	15,785,500	15,784,446	1,054	Exterior and interior improvements nearing completion -small contract encumbrance remaining.
Lake Michie Dam Renovations	1,545,000	1,023,014	521,986	Project is in the Construction phase. Expected date of substantial completion - Spring 06.
Water Supply Facility	450,000	-	450,000	The project is in the Planning Phase and is 75% complete. In process of developing RFP for engineering services, preliminary grant related work. Substantial date of completion: Fall 2005
ND/Sad WRF Automation Sys.Upgrade	1,525,000	-	1,525,000	New project for FY06. In planning stage this reporting period. Expected completion date Fall 2006.
Raleigh Emergency Water Interconnection	750,000	-	750,000	Request for proposal stage
Southern Reinforcing Main	900,000	-	900,000	Preparing request for proposals
<i>Total Water Projects</i>	57,855,153	46,618,296	11,236,857	

CAPITAL IMPROVEMENT PROJECTS
September 30, 2005 Quarterly Report
FY 2006 -- First Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	September 30, 2005 BRIEF REPORT
Wastewater:				
North Durham Water Reclamation Facility	2,174,973	1,979,579	195,394	Digester Gas Project 97% complete; Aeration Basin Repair & modification project has construction contract on Oct 3, 2005 agenda cycle; evaluating proposals for landfill gas utilization project.
Sewer Lines Extensions and Improvements	10,382,554	9,258,147		The current water & sewer contract WS-79 is being advertised and should begin construction in early 2006. The contract includes several projects and construction will take one year. This ongoing program constructs sewer line extensions requested by petition, relocates sewer lines, reimburses developers for sewer improvements and constructs lines to abate health hazards.
Sewer Pump Station Removal	1,177,393	924,585	252,808	Preparing contract documents for one project. On-going program.
Sewer Rehabilitation	17,760,593	10,871,631	6,888,962	New funding for FY06 - \$2,237,000. Activity this period: opened bids for Edith/Ninth St. Outfall replacement and East Durham Outfalls -phase I, advertised for Broadmoor Pump Station replacement. This is an on-going program.
SDWRF-Sludge Pad Cover	1,500,000	103,430	1,396,570	New funding added for FY05 in amount of \$1,000,000. Preparing for bid this reporting period. Expected completion date Fall 2006
Engine Replacement-South Durham WRF	700,000	295,741	404,259	First Engine 100% complete. Project increased by 400,000 for 2nd engine 6/21/04 - Bids have been received. Expected date of substantial completion - Spring 2006.
<i>Total Wastewater Projects</i>	33,695,513	23,433,113	9,137,993	
Total Water and Wastewater Projects	\$ 91,550,666	\$ 70,051,409	20,374,850	
Stormwater:				
Private Property Drainage Priority 1	\$ 973,950	\$ 848,733	\$ 125,217	Drainage improvements were constructed to address problems at 13 properties this reporting period. Expected completion Fall 2007.
Private Property Drainage Priority 2	276,050	-	276,050	no change in status
Watershed Planning & Design	425,000	-	425,000	Request for Proposal (RFP) for Ellerbe Creek Watershed Plan under development. RFP to advertise October 2005.
<i>Total Stormwater Projects</i>	\$ 1,675,000	\$ 848,733	\$ 826,267.0	
Total Capital Improvement Projects	\$ 355,393,530	\$ 237,389,658	\$ 116,879,465	

EXHIBIT 5

City of Durham Grants Report for the 1st Quarter FY 2006

Grants	Revenues			Authorizations	Expenditures			Net Grant Activity	Drawdown Frequency
	Prior Years	Current Year	Total		Prior Years	Current Year	Total		
Community Development	\$ 20,887,495	400,682	\$ 21,288,177	\$ 25,660,084	\$ 20,860,730	561,111	21,421,841	\$ (133,664)	Quarterly
Home Program	12,326,763	284,545	12,611,308	16,975,741	12,165,825	507,762	12,673,587	(62,279)	Quarterly
Employment and Training:									
City Funded 03	196,045		196,045	196,045	198,026	4,329	202,355	(6,310)	Quarterly
City Funded 04	196,045		196,045	196,045	174,173	122	174,295	21,750	Quarterly
Private Contributions	10,000		10,000	10,000	8,576	1,424	10,000	-	Quarterly
WIA	3,875,358	275,309	4,150,667	6,562,593	4,018,853	389,893	4,408,746	(258,079)	Quarterly
FEMA:			-					-	
Winter storm 2000	360,142		360,142	584,065	360,142	-	360,142	-	TBD
Winter storm 2002	8,109,977	(456,313)	7,653,664	11,200,000	8,109,977	-	8,109,977	(456,313)	TBD
Firefighters	110,831		110,831	57,400	57,400	-	57,400	53,431	TBD
Hazard mitigation	1,710,265	-	1,710,265	1,810,051	1,698,924	-	1,698,924	11,341	TBD
Mobile Data	98,000	-	98,000	140,000	98,000	-	98,000	-	
Other	50,805	-	50,805	81,995	48,745	-	48,745	2,060	TBD
Public safety:								-	
City wide domestic violence	1,960,331	95,550	2,055,881	2,473,664	1,957,466	81,738	2,039,204	16,677	Quarterly
Controlled substance tax	458,543	43,139	501,682	711,848	259,992	11,969	271,961	229,721	Quarterly
Criminal Data Sharing	39,530	-	39,530	39,570	39,530	-	39,530	-	Quarterly
Federal asset forfeiture	545,249	32,760	578,009	1,020,000	242,643	67,792	310,435	267,574	Quarterly
Local law enforcement	698,763	-	698,763	831,109	553,947	67,020	620,967	77,796	Quarterly
MOU - various	36,398	-	36,398	66,693	36,398	-	36,398	-	Quarterly
Other	750,773	65,665	816,438	1,297,894	614,131	64,496	678,627	137,811	Quarterly
Other special revenue grants									
EEOC case processing	175,650	25,000	200,650	234,250	137,441	11,669	149,110	51,540	Quarterly
Emergency Telephone	-	591,256	591,256	1,387,474		261,553	261,553	329,703	Quarterly
HUD disaster relief	200,881	-	200,881	342,902	342,902	-	342,902	(142,021)	Quarterly
HUD economic development	1,142,677	-	1,142,677	2,147,830	1,464,172	15,108	1,479,280	(336,603)	Quarterly
HUD fair housing	730,956	82,500	813,456	828,611	627,553	34,149	661,702	151,754	Quarterly
Lead based paint - federal	4,043,365	276,337	4,319,702	5,925,264	3,984,542	177,559	4,162,101	157,601	Quarterly
NECD Weed & Seed	976,521		976,521	1,255,000	1,037,780	45,420	1,083,200	(106,679)	Quarterly
Transportation planning	1,917,017	145,275	2,062,292	6,302,926	1,914,444	43,500	1,957,944	104,348	Quarterly
Cultural Master Plan	-	-	-	500,000	-	8,206	8,206	(8,206)	Quarterly
Downtown Busiess Asst	-	-	-	702,457	-	18,231	18,231	(18,231)	Quarterly
Durham afterschool	459,485		459,485	513,020	493,230	-	493,230	(33,745)	Quarterly
Other	449,667	38,239	487,906	833,254	331,846	31,269	363,115	124,791	Quarterly
	<u>62,517,532</u>	<u>1,899,944</u>	<u>\$ 64,417,476</u>	<u>\$ 90,887,785</u>	<u>61,837,388</u>	<u>2,404,320</u>	<u>\$ 64,241,708</u>	<u>175,768</u>	

EXHIBIT 6

City of Durham, North Carolina

Investment Portfolio
September 30, 2005

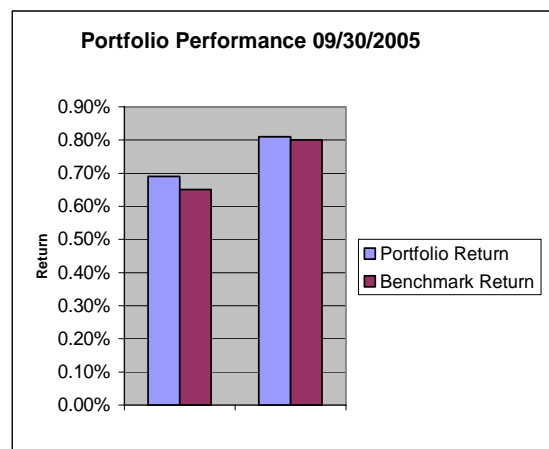
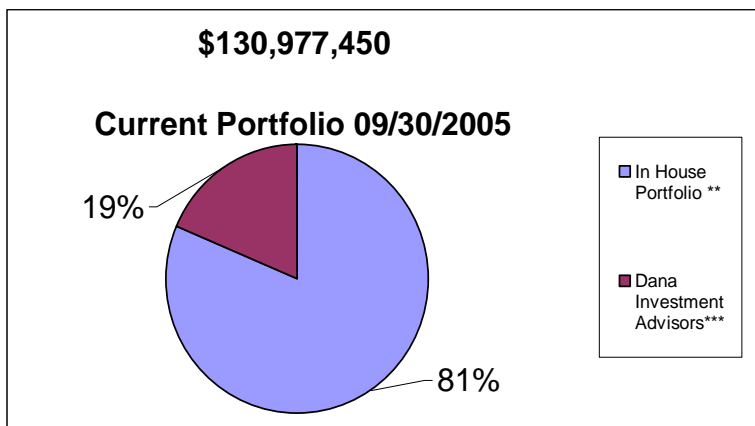
Portfolio meets the requirements of Section 159-30 of the North Carolina Investment Statutes
Primary investment principals are Safety, Liquidity and Yield

	<u>Market Value</u>	<u>Average Maturity (yrs.)</u>			<u>Current Yield</u>		<u>Portfolio Return</u>	<u>BenchMark Return</u>	<u>Performance vs Benchmark</u>
In House Portfolio **	\$ 106,628,659	3.19	0.81	2.60	3.12%	0.0254	0.69%	0.65%	0.04%
Dana Investment Advisors***	\$ 24,348,791	<u>2.82</u>	<u>0.19</u>	<u>0.52</u>	<u>2.82%</u>	<u>0.0052</u>	<u>0.81%</u>	<u>0.80%</u>	<u>0.01%</u>
Total:	\$ 130,977,450	3.12			3.06%				

* July 1st 2005 through September 30th, 2005

** measured against the local government investment pool, the NC Capital Management Trust

*** measured against the Merrill Lynch 1 year Treasury Index



City of Durham, North Carolina

Investment Portfolio
September 30th, 2005

Portfolio meets the requirements of Section 159-30 of the North Carolina Investment Statutes Primary investment principals are Safety, Liquidity and Yield

Asset Allocation

C.D.s	\$ 200,000	0.2%
Com'l Paper / Disc Notes	19,895,517	15.2%
Money Market	442,437	0.3%
Treasuries	4,000,000	3.1%
Agencies	<u>106,439,496</u>	<u>81.3%</u>

Total: \$ 130,977,450

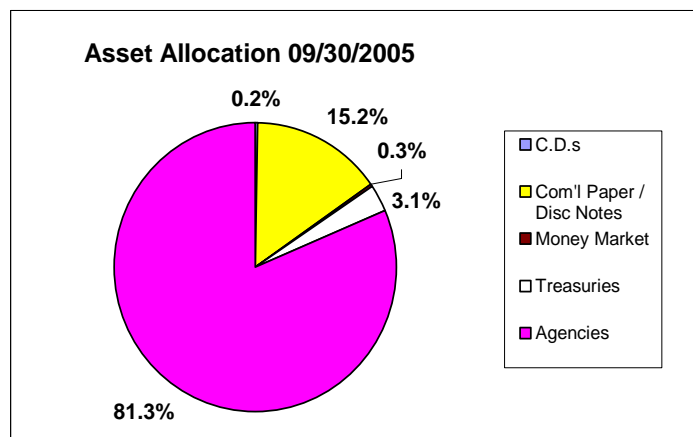


EXHIBIT 7

Risk Fund Payments to Claimants Made During FY 2006 1st Quarter In Accordance with Resolution #8810

Claim Date	Claim Number	Claimant Last Name	Cause Code	Paid to Claimant
7/6/2004	VAAL PD2004011781	ALGULAR	Backing	\$ 318.40
8/30/2004	VAAL PD2004011452	FUNES	Failure to yield right of way	\$ 1,000.00
12/16/2004	VAAL PD2004011639	GOINS	Backing	\$ 746.20
12/20/2004	VAAL BI2004011569	MCKELLAR	Failure to yield right of way	\$ 1,951.90
2/2/2005	VAAL PD2005012006	SENTOR TRACTOR COMPANY	Backing	\$ 1,450.00
2/18/2005	VAAL PD2005011840	HOWIE	Struck a stationary object	\$ 961.41
4/26/2005	VAAL PD2005011818	YEASMAN	Backing	\$ 504.83
5/1/2005	VAAL BI2005011809	WILLIAMS	Rear end collision	\$ 720.58
5/10/2005	VAAL PD2005011806	TRI-PROPERTIES	Backing	\$ 804.59
5/16/2005	VAAL PD2005011807	HORNE	Failure to yield right of way	\$ 1,050.06
5/31/2005	VAAL PD2005011861	STEPHENSON	Backing	\$ 340.01
6/8/2005	VAAL PD2005011863	VANNELLE	Backing	\$ 783.84
6/24/2005	VAAL PD2005011984	MELLISH	Rear end collision	\$ 906.33
7/6/2005	VAAL PD2005011943	BROWN	Failure to yield right of way	\$ 259.22
7/16/2005	VAAL PD2005011976	LIST	Backing	\$ 1,219.80
8/2/2005	VAAL PD2005011965	PAGE	Struck a stationary object	\$ 128.00
8/24/2005	VAAL PD2005011950	DIAZ	Failure to yield right of way	\$ 2,579.90
9/2/2005	VAAL PD2005011978	LENNON	Backing	\$ 1,242.18
Subtotal Auto Liability				\$ 16,967.25
11/21/2000	GCGL BI2000008915	MCKOY	Street Conditions	\$ 2,000.00
6/15/2005	GCGL PD2005011938	BREEDEN	Performing a Search	\$ 120.00
8/17/2005	GCGL PD2005011959	HAMPTON-LEE	Mowing	\$ 309.39
9/6/2005	GCGL PD2005011962	REINHARDT, JR	Mowing	\$ 656.98
8/13/2005	GCGL PD2005011949	HAUGHTON	Mowing	\$ 197.26
7/6/2005	GCGL PD2005011936	CHAPPELL	Mowing	\$ 262.49
Subtotal General Liability				\$ 3,546.12
Total All Payments to Claimants Made During FY 2006 1st Quarter				\$ 20,513.37

EXHIBIT 8

Contract Quarterly Report Contract Types by Department FY06 July 1, 2005 to June 30, 2006

1st Quarter	<u>Type of Contract</u>				Purchase	Change Orders	Lease	Non-City Agency	Grant	Total
	Service	Const.	Inter-Gov't	Other						
Solid Waste	3		1		1					5
City Manager	3									3
Housing	10	19				28			2	59
Parks & Recreation	120		1		1	3			2	127
Public Works	5	1	6	23		1				36
Planning	1									1
Gen Ser	14	1			3	13	15			46
Water Mgmt	1	4	2		2	1				10
Finance	2									2
Budget								31		31
Inspections										
Human Resources	4									4
Human Relations										
OEED	15								1	16
Internal Audit										
EOEA										
Tech Solutions	9						2			11
Fire	3				1					4
DATA		1								1
Police	18								7	25
Emg Comm	2									2
Total 1st Qtr	210	26	10	23	8	46	17	31	12	383

EXHIBIT 9

CITY OF DURHAM
NON-CITY AGENCY AWARDS
FISCAL YEAR ENDING JUNE 30, 2006

File No	Non-City Agency Name	Current Award Amount	Documentation on File		Eligible for Funding Until
			Audit Report	Certification	
	<u>Greater than \$30,000</u>				
06-01	African American Dance Ensemble	30,000	06/30/04		12/31/05
06-02	American Dance Festival	66,500	09/30/04		03/31/06
06-03	Carolina Theatre	527,278	06/30/04		12/31/05
06-04	Downtown Durham, Inc	134,027	06/30/04		12/31/05
06-05	Durham Affordable Housing Coalition	73,340	06/30/04		12/31/05
06-06	Durham Arts Council, Inc.	564,021	06/30/04		12/31/05
06-07	Durham Striders	36,670	12/31/04		06/30/06
06-08	El Centro Hispano	30,000	06/30/04		12/31/05
06-09	Full Frame - Doc Arts, Inc.	46,202	06/30/04		12/31/05
06-10	St. Joseph's Historic Foundation	283,801	06/30/04		12/31/05
06-11	Triangle Urban League (New Horizon)	82,772	N/A		12/31/05
	<u>Less than \$30,000</u>				
06-12	Achievement Academy of Durham	5,000		New	12/31/06
06-13	Alliance of AIDS Services - Carolina	5,000		New	12/31/06
06-14	American Red Cross	5,000		New	12/31/06
06-15	ARC of Durham	5,000		New	12/31/06
06-16	Ar-Razzaq Community Development Corporation	5,000		N/A	12/31/05
06-17	Big Brothers Big Sisters	23,940		12/31/04	06/30/06
06-18	Calvary Ministries of the Westend Community, Inc.	19,230		N/A	12/31/05
06-19	Center for Documentary Studies	9,000		12/31/04	06/30/06
06-20	Coordination Council for Senior Citizens	5,000		New	12/31/06
06-21	Durham Art Guild	5,000		12/31/04	06/30/06
06-22	Durham Central Park, Inc.	5,000		06/30/04	12/31/05
06-23	Durham Community Land Trustees, Inc.	5,000		New	12/31/06
06-24	Durham Community Penalties Program, Inc.	22,536		06/30/04	12/31/05
06-25	Durham Companions Mentoring Program	5,000		New	12/31/06
06-26	Durham County Literacy Council	14,250	06/30/04		12/31/05
06-27	Durham Crimestoppers	27,503		06/30/04	12/31/05
06-28	Durham Crisis Response Center	22,919	06/30/04		12/31/05
06-29	Durham Symphony, Inc.	20,000		06/30/04	12/31/05
06-30	Flamenco Carlota Santana Spanish Dance	3,500	06/30/04		12/31/05
06-31	GoodWork	27,284	12/31/04		06/30/06
06-32	Historic Preservation Society of Durham	28,419		06/30/04	12/31/05
06-33	Mallarme Chamber Players	9,000		06/30/04	12/31/05
06-34	Money Wise Durham Coalition	5,000		New	12/31/06
06-35	N.C. Occupational Safety & Health Project	9,947	07/31/04		01/31/06
06-36	P.R.O.U.D. Program	18,335		06/30/04	12/31/05
06-37	Partners for Youth	5,000		New	12/31/06
06-38	Project Graduation	9,000		12/31/04	06/30/06
06-39	Rites of Passage - DB & PC	5,000		06/30/04	12/31/05
06-40	Schoolhouse of Wonder	25,000	12/31/03		06/30/05
06-41	SEEDS DIG Program	6,000		06/30/04	12/31/05
06-42	TROSA	22,563		06/30/04	12/31/05
06-43	Volunteer Center of Greater Durham	9,168		06/30/04	12/31/05
06-44	Walltown Children's Theatre	19,000		12/31/04	06/30/06
06-45	Women in Action	5,000		New	12/31/06

"N/A" means 2004/5 was their first year and their report will be due by 12/31/05.

"New" means 2005/6 is their first year and their report will be due by 12/31/06.

EXHIBIT 10

Impact Fees Summary of Revenues and Expenditures

		Fy2000	FY 2001 through FY 2005				FY2006		
Zone		Accumulated Fund Balance as of 2000	Impact Fees collected	Interest Income Earned	Funds Utilized for Projects/Refunds	FY2005 Ending Balance	First Quarter Account Balance	Funds obligated to CIP Projects	9/30/2005 First Quarter Funds Available
Streets	Zone 1	8,416,853	2,124,122	558,677	11,149,917	(50,265)	(50,222)	1,280,192	(1,330,414)
	Zone 2	1,623,697	579,068	368,808	350,000	2,221,573	2,225,947	32,400	2,193,547
	Zone 3	3,866,427	957,268	733,954	2,121,335	3,436,314	3,439,012	1,300,476	2,138,536
	Zone 4	-	5,593,588	152,569	2,010,103	3,736,054	4,255,305	5,172,400	(917,095)
	Zone 5	-	2,810,320	100,945	-	2,911,265	3,123,399	3,300,000	(176,601)
	Zone 6	-	69,416	2,206	-	71,622	71,674	-	71,674
Parks and Recreation									
	Zone 1	2,501,823	1,647,987	406,308	3,370,276	1,185,842	1,304,097	1,593,814	(289,717)
	Zone 2	787,289	994,301	157,565	519,906	1,419,249	1,507,871	1,683,274	(175,403)
	Zone 3	728,621	644,235	84,287	1,049,470	407,673	444,892	681,501	(236,609)
Open Space									
	Zone 1	455,787	281,822	77,491	234,854	580,246	601,010	530,741	70,269
	Zone 2	150,364	181,102	39,686	324,014	47,138	66,159	132,000	(65,841)
	Zone 3	194,074	118,957	42,407	97,761	257,677	264,086	232,730	31,356

Funds obligated include Ordinance revisions through 06/20/05 which includes new projects for FY06.
Revenues will be recognized in the second quarter report.

EXHIBIT 11

City of Durham, North Carolina

Tax Levy Analysis
September 30, 2005

2004			2005		
Levy			Net Adjusted levy		
\$ 90,014,788.39			\$ 91,534,079.00		
Month	Current Levy			Current Levy	
	Collected	% of Levy		Collected	% of Levy
July	\$ 973,536.50	1.08%	\$	1,164,732.13	1.27%
August	5,866,210.87	7.60%		5,544,695.62	7.33%
September	4,044,335.92	12.09%		4,196,789.13	11.91%
October	4,165,584.58	16.72%			
November	20,962,186.03	40.01%			
December	26,061,666.24	68.96%			
January	20,620,600.70	91.87%			
February	2,027,237.86	94.12%			
March	1,320,391.22	95.59%			
April	918,060.92	96.61%			
May	740,423.01	97.43%			
June	565,844.38	98.06%			
	<u>\$ 88,266,078.23</u>			<u>\$ 10,906,216.88</u>	
Prior Years' Collections			Prior Years' Collections		
2004			2005		
July	\$ 299,714.06		\$	33,347.72	
August	269,537.05			275,892.07	
September	201,839.25			449,043.33	
October	90,474.03				
November	116,290.63				
December	88,535.08				
January	89,536.73				
February	97,159.48				
March	72,156.03				
April	51,195.03				
May	33,722.95				
June	111,033.21				
	<u>1,521,193.53</u>			<u>758,283.12</u>	
Total Collections					
through the period ended					
September 30,	\$ <u>89,787,271.76</u>		\$	<u>11,664,500.00</u>	

EXHIBIT 12

City of Durham
Downtown Revitalization Project Recap
 September 30, 2005

	<i>FY01</i>	<i>FY02</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>Cumulative Amount</i>	<i>Current Fund Budget</i>
<i>Downtown Revitalization</i>								
Revenues	\$ 783,365	\$ 1,045,394	\$ 1,102,566	\$ 1,027,452	\$ 1,362,313	\$ 6,053	\$ 5,327,143	\$ 5,592,191
Expenditures:								\$ 5,416,610
Downtown Theatre Feasibility	\$ 9,029	\$ 37,482	\$ 48,211	\$ -	\$ 1,050	\$ -	\$ 95,772	\$ -
American Tobacco	\$ 33,051	\$ 100,530	\$ 56,356	\$ 6,509	\$ 863,071	\$ 277,406	\$ 1,336,922	
Renaissance Tower Project	\$ 3,390	\$ 10,312	\$ 424	\$ -	\$ -	\$ -	\$ 14,126	
Other	\$ 15,461	\$ 47,028	\$ 2,833	\$ 64,247	\$ 16,474	\$ -	\$ 146,043	
Expenditure Subtotal	<u>\$ 60,931</u>	<u>\$ 195,352</u>	<u>\$ 107,824</u>	<u>\$ 70,755</u>	<u>\$ 880,595</u>	<u>\$ 277,406</u>	<u>\$ 1,592,863</u>	<u>\$ 5,416,610</u>
 <i>Parrish Street</i>								
Revenues	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 300,000	\$ -	\$ 1,100,000	
Expenditures	\$ 62,241	\$ 153,576	\$ 780,276	\$ 37,444	\$ 33,236	\$ -	\$ 1,066,773	\$ 200,000
 Total Revenues	983,365	1,245,394	1,302,566	1,227,452	1,662,313	6,053	6,427,143	5,592,191
Total Expenditures	123,172	348,928	888,100	108,199	913,831	277,406	2,659,636	5,616,610
Total Encumbrances	-	-	-	-	-	16,900	16,900	-
Net Activity	860,193	896,466	414,466	1,119,253	748,482	(288,253)	3,750,607	(24,419)

* Note - Revenues for FY06 consist of Distributed Interest, General Fund Transfers, Appropriations from Fund Balance and North Parking Garage Revenues
 The transfers from the General Fund, Fund Balance should occur in the 2nd Qtr. Interest is distributed during year end.

EXHIBIT 13

City of Durham First Quarter Update FEMA Grants

December 2002 Ice Storm

Total costs associated with the ice storm were \$8,109,977. As of October 5, 2005, the City has received \$8,121,688.95 from FEMA and the State for cost associated with the storm. The City has also received \$75,837.00 for administrative costs. The administrative fee received on FEMA grants is based on a formula applied to the total approved costs for the grant.

The final review was started in late August, 2004, but was not completed due to the major storms that hit the western part of our state. Due to a tremendous backlog, FEMA was not able to reschedule a return visit to complete the final review until June, 2005. The final review was completed during the month of June, 2005 and as of August 10, 2005; the City was informed that all projects under the federally declared disaster had been processed and approved by the State and final reports submitted to Atlanta for processing.

On October 5, 2005, the City received payment on the last project along with the administrative fee applied to the storm by FEMA. There is one small project for damages to fencing, bleachers, etc. in eighteen small parks for which the City received \$7,264.00. There were no costs turned in for this project. If the City is selected for a Federal Audit, we will be subject to return this money and the associated administrative fee.

City of Durham, North Carolina Planned Debt Issuance September 30, 2005

1996 GO Bond Authority

The Finance Department completed the issuance of a combined two-thirds bonds and 1996 authority GO bond issue that was sold on September 13, 2005. The sale was conducted by the LGC using a competitive bid process. The issue was broken out into three separate series as follows:

Series A \$10 million (two –thirds bonds)
Series B \$5.6 million (taxable housing bonds – 1996 authority)
Series C \$9.4 million (1996 authority)
Total 25.0 million

The City's debt was well-received by the investment community, and rates were very competitive. The rates for the three series are as follows:

- The Series A Bonds (\$10 million tax-exempt two-thirds bonds), sold to Bank of America at an interest rate of **4.021%**
- Series B (\$5.6 million taxable housing bonds – 1996 authority), sold to Davenport & Co. at **4.547%**
- Series C (\$9.4 million 1996 authority tax-exempt), sold to Bank of America at **4.005%**

Note: tax-exempt bonds have lower interest rates than comparable taxable bonds. The Series A & C bonds are tax-exempt, and so they were sold at lower rates than the taxable Series B bonds.

Balance of 1996 Authority

After the September 2005 Series B and C issue the City of Durham has have the following general obligation bond authority remaining:

Purpose	Original Amount	Issued to Date	Sept 05 Issue	Balance 9/05
Streets	\$35,245,000	\$24,077,000	\$6,300,000	\$4,786,000
Art Center & Museum	5,550,000	5,500,000	0	0
Parks & Rec Facilities	20,375,000	17,772,000	2,200,000	403,000
Public Transportation	5,165,000	3,450,000	0	1,715,000
Housing	20,000,000	8,714,000	6,500,000	4,868,000
Total	\$86,285,000	\$59,513,000	\$15,000,000	\$11,772,000

Note: All but \$1.5million of the remaining balance is encumbered for projects currently in progress. The \$1.5 million that is unencumbered is part of the Multi-modal Project.

2005 Bond Referendum

The Administration is currently working on a general obligation bond referendum for the November 8th 2005 election. The referendum will be divided into eight categories or bond orders, representing \$110 million of Capital Improvement Program (CIP) projects as follows:

Public Safety	\$6,195,000
Cultural Facilities	11,005,000
Parks and Recreation	38,333,000
Public Improvement	7,113,000
Neighborhood Improvement	1,500,000
Street and Sidewalk	18,512,000
Water and Sewer	20,000,000
Parking	<u>7,342,000</u>
Total	\$110,000,000

Refunding Opportunities

The Finance Department has completed two refundings of outstanding debt that resulted in a combined present value savings of \$1.44 million in debt service costs over the remaining life of the bonds.

The first refunding involved GO bonds series 1996, 1997, 1998, 1999, 2000A and 2000B with a refunding bond par amount of \$23,545,000. The sale was conducted by the LGC and 10 bids were received with Wachovia submitting the winning bid. The true interest cost of the refunding bonds is 3.72% and the present value of the savings is \$973,209 or 4.2%.

The second refunding involved revenue bonds series 1998 and 2001 with a refunding bond par amount of \$18,605,000. The refunding was underwritten by Wachovia and Jackson Securities with a true interest cost of the refunding bonds of 4.10%. The present value of the refunding is \$471,008 or 2.53%.

Ratings Actions

Fitch Ratings changed their outlook on the City's revenue bonds to stable from negative. Fitch's rating of the City's revenue bonds is AAA. The change in outlook reflects the return of positive operating results for the water and sewer fund after weather related deterioration of revenues in previous years.

Standard & Poors upgraded the City's revenue bonds to AAA. We were previously rated AA by S&P. Revenue bonds and COPs usually carry a lower rating than G.O. Bonds. We are already AAA with Fitch for revenue bonds and Moody's has given our revenue debt a rating of AA3.

All three rating agencies affirmed the City's AAA rating on General Obligation debt in connection with the issuance of the \$25 million in "new money bonds" and the G.O. refunding.



**Audit Recommendations and Implementation Schedule
FY 05-06 - 1st Quarter Report
Ending September 2005**

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	Recommendation	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
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	Accounts Payables/Wire Transfers – Compliance Audit April 2003			
1	<p>When new software is acquired as part of a comprehensive ERP project, the accounts payable module should incorporate system controls and efficiencies designed to manage the payables process and to ensure:</p> <ul style="list-style-type: none">• all obligations are encumbered;• key input fields are required to prevent duplicate payments;• accounts payable aging data is provided; accounts payable research and analysis is facilitated.	<p>We are currently in the process of issuing an RFP for an ERP System that will replace the existing accounts payable system. The recommended control attributes will be included in our proposal evaluations. In addition, we will require vendors to demonstrate these attributes with the City’s data as part of the scripted demonstrations that are planned as part of the software evaluation process.</p>	<p>July 2005</p> <p>Amended Date: January 2006</p>	<p>The City has contracted to purchase ERP software from MUNIS. The total contract, valued at nearly \$2.6 million, includes professional services and ongoing support, in addition to financial, revenue, human resource, and productivity software designed to help the City improve its daily business functions.</p>

	Recommendation	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
2	Examine compliance with the Local Budget and Fiscal Control Act in reference to encumbrance systems (NCGS Section 159-26). Particular attention should be paid to the appropriateness of current systems to ensure that City encumbrance systems guard against cumulative outstanding obligations exceeding budgetary authority. The increased development of e-commerce transactions with suppliers and vendors requiring wire transactions in and out of City accounts, instead of paper check transactions, will necessitate updated accounts payable and wire transaction systems. Current systems in use by the City are designed to control paper check payments only.	<p>We agree with the assessment of our current system and its limitations with respect to complying with the encumbrance provisions of the Local Budget and Fiscal Control Act. In order to address this deficiency new accounting software or major system modifications are needed. Rather than spend the time and effort in making modifications to the existing system, which is scheduled for replacement, we are planning to include compliance with the encumbrance provisions of the Local Budget and Fiscal Control Act as a mandatory element for a new accounting systems.</p> <p>In the interim, we will continue to use manual processes to insure that cumulative outstanding obligations do not exceed budgetary authority.</p>	<p>July 2005</p> <p>Amended Date: January 2006</p>	The City has contracted to purchase ERP software from MUNIS. The total contract, valued at nearly \$2.6 million, includes professional services and ongoing support, in addition to financial, revenue, human resource, and productivity software designed to help the City improve its daily business functions.
	City Vehicles (Part 1) – Compliance Audit June 2003			

	Recommendation	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
1	Written procedures provide consistent instructions to staff, documentation of current practices, as well as an effective orientation/training tool for new employees. Because it would not be practical to develop one City vehicle policy that would be applicable to the diverse business of the City, we recommend that each department with City vehicles assigned to it develop written procedures regarding the assignment and usage of City vehicles appropriate for the size and complexity of the unit. These procedures should become part of the Department's standard operating procedures. The City's executive management should establish general guidelines related to initial acquisition, operational use, and ultimate disposal by sale or salvage of City vehicles. The policies and procedures should be consistent with these general guidelines.	The City Administration will develop written policies and procedures to provide general guidelines for initial acquisition and disposal of the City's fleet vehicles and heavy equipment. General guidelines will be provided to departments to assist in the development of written procedures regarding the assignment and usage of vehicles assigned to Department.	July 1, 2004 Amended Dates: January 2005 April 2006	The fleet consultant project is in process. Results of the study will assist management in optimizing the fleet and developing and implementing City wide policies and procedures concerning procurement, usage and disposal of City vehicles.

	Recommendation	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
1	Since the City is currently involved in an ERP (Enterprise Resource Planning) Project, we recommend the City incorporate both a capital asset system (for financial accounting purposes) and a non-capita asset system (for accountability of sensitive equipment that does not meet the capitalization limits, but requires special tracking) in ERP system implementation. This will provide distinct advantages over the current Microsoft Access database system that is available for use by departments. By setting up the proper business rules, all equipment purchases meeting predetermined criteria will be automatically recorded in one of the two databases at the time of purchase. This will eliminate the need to capture and enter information after purchase by departments.	This recommendation will be incorporated in the City's ERP implementation.	July 2005 Amended Date: January 2006	The City has contracted to purchase ERP software from MUNIS. The total contract, valued at nearly \$2.6 million, includes professional services and ongoing support, in addition to financial, revenue, human resource, and productivity software designed to help the City improve its daily business functions.

	Recommendation	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
Police Property Room – Compliance Audit December 2004				
1	The property unit should devote the resources necessary to aggressively pursue a final disposition of property in its custody. While disposing of property is a time consuming task the unit will simply run out of space to store these items in the very near future at the current growth rates. Conversely, if the number of items continues to increase at its current rate the property unit should make plans for expanding their storage facilities.	<p>The Property Unit is responsible for the safekeeping of property either seized or found and dispose of same through several means. Among the disposition means are:</p> <ul style="list-style-type: none">➤ Auction➤ Destruction➤ Return to owner➤ Conversion➤ Transfer to NC Department of Revenue➤ Transfer to Durham Public Schools <p>The Property Unit shall aggressively pursue the disposition of property in its custody by:</p> <ul style="list-style-type: none">➤ Regular follow-up with the procedure currently in place with the District Attorney’s (DA) office. That procedure requires the DA’s office to forward a list of case dispositions to the Police Department when the cases have been adjudicated. The Property Unit supervisor will do regular follow-up to insure that this is being done. Have Durham police officers purged their property files in the Property Unit semi-annually. (January and July)➤ Have District Investigators notify the Property Unit when the disposition of a case has been done.	<p>Start date July 1, 2005. Completion will be June 2006.</p> <p>The long term solution to develop a plan for a new Property Unit facility would start after July 1, 2006.</p>	

	Recommendation	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	Police Property Room – Compliance Audit (Continued)	<p>The plan to expand the storage facilities for the Property Unit has both short term and long term resolutions.</p> <p>The short term resolution is:</p> <ul style="list-style-type: none">➤ Install space saver shelving in the storage area adjacent to the Property Unit formerly occupied by the Identification Unit.➤ Utilize the warehouse located at 213 Broadway St. to store bulky and non-evidentiary items. The primary cost associated with this recommendation will be the cost of installing a 10 foot high fence, storage bins and racks for hanging bicycles. <p>The long term solution is:</p> <ul style="list-style-type: none">➤ To develop a plan through the Planner for Fiscal Services for a new Property and Evidence facility.		
2	A complete reconciliation of the property record cards should be performed. This will aid in the purging of items that are no longer required to be held, increase the reliance that can be placed on the computerized records and identify any differences between the property cards and the computerized records. This reconciliation could be performed in ‘steps’ as opposed to the entire file at one time. Certain time periods could be selected and all items originating in that period would be reconciled.	The complete reconciliation of the property cards would extend beyond one year to complete. Additionally, it would require additional resources to accomplish in light of the volume of property currently entering the Property Unit. The additional resources would be a budgetary item for the 2005-06 budget year. The resources would be two additional personnel and a laptop computer for the files.	Earliest start date would be December 2005.	

	Recommendation	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
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	Authorized Positions (May 2005) – Compliance Audit - April 2005			
1	A unique position number should be assigned to each part time position. This will allow the City to better control and efficiently manage its part time workforce. We recommend that this change be incorporated into the new ERP system.	The Human Resources Department has discussed the need for a unique coding for full-time, part-time, temporary with benefits (grant), and seasonal positions in the ERP. As the ERP moves forward, Human Resources staff will ensure that a unique system is implemented.	July 2006	The City has contracted to purchase ERP software from MUNIS. The total contract, valued at nearly \$2.6 million, includes professional services and ongoing support, in addition to financial, revenue, human resource, and productivity software designed to help the City improve its daily business functions.
	Non-City Agency Program Specific Compliance Evaluations June 2005			
1	The City should closely monitor Walltown Children’s Theatre. The monitoring visits could include providing assistance o how to maintain adequate records necessary to support City grants.	The Audit Services Department will conduct a follow-up visit to the Walltown’s Children’s Theatre in December 2005 and will present the findings to ASOC in January 2006.	December 2005	



CALVARY MINISTRIES OF THE WESTEND COMMUNITY, INC.

MONTHLY FUND RAISING REPORT
SEPTEMBER 2005 INCOME REPORT

A. SPECIAL REVENUE FUND FOR COMMUNITY FAMILY LIFE AND RECREATION CENTER
AT LYON PARK OPERATIONS

<u>Contribution Category</u>	<u>September 2005</u>	
Individuals	\$	
Foundations	\$	
Corporations/Local	\$	
State		
Federal		
Lease Income	<u>\$ 19,859.13</u>	
Total Deposited into Account	<u>\$ 19,859.13</u>	

B. ADMINISTRATION, PROGRAMS AND OPERATIONS FOR CALVARY MINISTRIES OF THE
WESTEND COMMUNITY, INC. (NOT INCLUDED IN SPECIAL REVENUE ACCOUNT)

<u>Contribution Category</u>	<u>September 2005</u>	
Individuals	\$ 645.00	
Foundations	\$	
Corporations/Local	\$ 17,060.32	
State		
Federal	<u>\$</u>	
Total Revenue	<u>\$ 17,705.32</u>	

Grand Total Revenue \$ 37,564.45

Calvary Ministries, Inc. operates on a January – December fiscal year
This is a monthly report submitted to the Lyon Park Advisory Board

CITY OF DURHAM, NORTH CAROLINA

Donations
For Quarter Ending September 2005

Meeting of friends - FAR/HRDE	100.00
Durham-Chapel Jewish Fed	25.00
Research Triangle Institute	14.62
Outdoor Craftswomen	18.00
Caledonia Const. Inc.	51.00
Statewide Electric & Plbg.	20.55
William M. Walters Plbg	16.00

Equal Opportunity/Equity Assurance

Duke University	3,500.00
Water into trees	279.76